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UNCLAS LAGOS 002528

SIPDIS

STATE FOR INL
JUSTICE FOR OIA, AFMLS, AND NDDS
TREASURY FOR FINCEN
DEA FOR OILS, AND OFFICE OF DIVERSION CONTROL

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STRATEGY REPORT (INCSR), MONEY LAUNDERING AND
FINANCIAL CRIMES.

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Nigeria is still the most populous country in Africa. It has a large economy that has been mismanaged over the past years and as a result poverty is prevailing. The economy is growing but not at the pace to cater for the high unemployment. Because of the economic problems faced by the society, Nigerians have resorted to crimes such as trafficking of persons, narcotics and financial fraud commonly known as 419. Efforts have been made by the government to put an end to these crimes but the socio-economic conditions have not been conducive to the measures put in place. "Four-One-Nine" otherwise known as Advance fee fraud is the most practiced form of financial crimes in Nigeria. In 2001, Nigeria was placed on the list of non-cooperative countries and territories in combating money laundering. It has not been proved that money laundering in Nigeria is related to narcotic proceeds or that the proceeds from money laundering are controlled by local drug-trafficking organizations. Most of the transactions leading to money laundering is done through commercial banks and this is why the EFCC is now mandated to regularly inspect bank transactions.

Government law, policy and practice discourage money laundering. This is seen from the laws enacted since 2002 and the institutions put in place to combat it. Money laundering is a criminal offence in Nigeria under the Money Laundering (Prohibition) Act, 2004. This law also covers drug-related money laundering.

The economic and Financial Crimes Commission (EFCC) was created in 2002 and has actually been in operation since April 2003. In 2004, EFCC has recorded remarkable success in the area of money laundering. Notorious Advance Fee Fraud Kingpins (419) have been arrested and are currently being prosecuted by the EFCC. These include a group that was involved in the renowned Brazilian Bank scam involving \$242 million. Their assets worth about \$300 million have also been seized.

In 2004, the commission has been involved in the prosecution of more than 100 high profile financial crime cases in the Nigerian High Courts. These cases involve Pipeline vandalism, tax evasion, bank frauds and money laundering. For the first time in the history of the country, a sitting Governor is being tried for corruption and money laundering. Several Nigerians have also been charged with terrorism. There are several money laundering cases being tried in the high court. In 2004 a conviction was secured in the High court in Kaduna

In 2004, the Commission established the Financial Intelligence Unit (FIU) as a pilot scheme. FIU is now receiving and analyzing Suspicious Transaction reports (STRs) and Currency Transaction Reports (CTRs). This helps the Unit to monitor money trail and typologies for money laundering. EFCC shares these reports with other Law Enforcement Agencies locally and internationally.

However, in 2004, a lot of efforts were made. NDLEA intensified bank inspection operations. Also, Nigeria initiated and tirelessly followed up the establishment of a permanent secretariat for the Intergovernmental Action Task Force Against Money Laundering in West Africa (GIABA). As a result of these efforts, Nigeria has been removed from the list of non-cooperative countries.

Nigeria is party to the 1988 UN Drug Convention against Transnational organized Crime. Nigeria is also a signatory to the UN Convention Against Corruption.

The Government of Nigeria continues to ensure that

money laundering and other financial crime are reduced in Nigeria. EFCC and ICPC are doing a great job in the area. The laws are in place and if the constitution is amended to provide for the prosecution of sitting Governors for corruption, it will be a great achievement in the war against money laundering.

BROWNE